

BANK INDONESIA REGULATION  
NUMBER: 6/11/PBI/2004  
CONCERNING  
THE BLANKET GUARANTEE INTEREST RATE FOR DEPOSITS AND  
INTERBANK MONEY MARKET

THE GOVERNOR OF BANK INDONESIA

- Considering:
- a. whereas to support the government blanket guarantee scheme, it is necessary to stipulate the blanket guarantee for payment liabilities of commercial banks;
  - b. whereas for implementation of monetary policy and specifically interest rate policy, it is necessary to bring the interest rate structure into alignment through adjustments to the basis for calculation of the maximum blanket guarantee interest rates for third party funds in Rupiahs and foreign currencies;
  - c. now therefore it is necessary to enact improvements to the legal provisions concerning the maximum blanket guarantee interest rates for deposits in Rupiahs and foreign currencies as stipulated in Decree of the Management of Bank Indonesia Number 31/32/KEP/DIR dated May 29, 1998, concerning the Blanket Guarantee Scheme for Deposits and the Interbank Money Market as amended by Bank Indonesia Regulation Number 3/5/PBI/2001 dated March 22, 2001, concerning Amendment to

Decree of the Management of Bank Indonesia Number 31/32/KEP/DIR dated May 29, 1998, concerning the Blanket Guarantee Scheme for Deposits and the Interbank Money Market.

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette Number 3790);
  2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette Number 3843) as amended by Act Number 3 of 2004 concerning Amendment to Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette Number 4357);

HAS DECREED:

To enact: THE BANK INDONESIA REGULATION CONCERNING THE  
BLANKET GUARANTEE INTEREST RATE FOR DEPOSITS  
AND THE INTERBANK MONEY MARKET

## CHAPTER I

### GENERAL PROVISIONS

#### Article 1

The terminology used in this Regulation has the following meanings:

1. “Bank” is a Commercial Bank as referred to in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, incorporated as an Indonesian legal entity and a member of the blanket guarantee scheme;
2. “Deposits” are funds in Rupiahs and foreign currencies entrusted by the public to Banks in the form of demand deposits, time deposits, certificates of deposit, savings deposits, and/or other equivalent form;
3. “Interbank Money Market,” hereinafter referred to as PUAB, is the activity of lending and borrowing funds between one Bank and another Bank;
4. “Bank Indonesia Certificates,” hereinafter referred to as SBIs, are securities denominated in the Rupiah currency issued by Bank Indonesia as short-term debt instruments;
5. Member banks in the “Jakarta Interbank Offered Rate,” hereinafter referred to as JIBOR, are banks designated by Bank Indonesia for reference in setting the JIBOR.
6. “Margin” is a specific number denominated in basis points;
7. “Basis point” is a numerical unit in which 1 (one) basis point is equal to one percent.

## CHAPTER II

### BLANKET GUARANTEE SCHEME FOR DEPOSITS

#### Article 2

- (1) Under the Blanket Guarantee Scheme, the Government shall only guarantee Deposits accepted at interest rates not exceeding the stipulated maximum limit on interest rates.
- (2) In the event that a Deposit is denominated in non-US dollar foreign currency, the non-US dollar foreign currency deposit, including both principal and interest, shall be first converted into US dollars at the average market rate as of 12.00 hours local time in Jakarta on the day of payment, as quoted by Bank Indonesia.
- (3) The maximum interest rate on Deposits in Rupiahs guaranteed by the Government is stipulated as the weighted average SBI discount rate for the 3 (three) month tenor formed in the latest auction, plus or minus a specified Margin.
- (4) The maximum interest rate on Deposits in the US Dollar foreign currency guaranteed by the Government is stipulated as the average rate for US Dollar time deposits at JIBOR member banks as stipulated by Bank Indonesia for a specified tenor, plus or minus a specified Margin.
- (5) The maximum interest rate on Deposits in non-US dollar foreign currencies guaranteed by the Government is stipulated as no more than the maximum interest rate on Deposits in the US dollar currency as referred to in paragraph (4).
- (6) In the event that a Bank pays interest on Deposits in non-US Dollar currencies at a higher rate than the maximum interest rate set for Deposits in the US dollar

currency as stipulated in paragraph (4), the Government shall guarantee only the amount of principal plus interest corresponding to the maximum interest rate stipulated for Deposits in the US Dollar currency.

### Article 3

Specified Margin as referred to in Article 2 shall be stipulated in a Circular Letter of Bank Indonesia.

### Article 4

- (1) Change in Margin as referred to in Article 2 paragraph (3) and paragraph (4) may be adjusted from time to time by Bank Indonesia.
- (2) Change in Margin as referred to in paragraph (1) shall be stipulated further in a Circular Letter of Bank Indonesia.

### Article 5

- (1) The maximum interest rates on Deposits in Rupiahs and foreign currencies guaranteed by the Government shall be announced by Bank Indonesia each month on a regular basis 2 (two) working days prior to the beginning of the month of the effective guarantee period and shall be effective for 1 (one) month.
- (2) If deemed necessary, Bank Indonesia may make an announcement as referred to in paragraph (1) on another day.
- (3) Announcement as referred to in paragraph (1) shall be released through the Money Market Information Center (PIPU).

#### Article 6

- (1) Banks are required to place announcements in each office of the interest rates on Deposits accepted by the Bank at the customer service location or place conspicuously visible to customers.
- (2) In the case of a Bank that sets multiple deposit rates for deposits up to specified limits, that Bank shall also announce all those rates subject to the requirement that the highest offered interest rate shall not in any event exceed the stipulated maximum interest rate as referred to in Article 2 paragraph (3) and paragraph (4).
- (3) Banks are required to place notice on the maximum interest rate announced by Bank Indonesia as referred to in Article 5 in a place adjacent to the announcement or on a notice board as referred to in the above paragraph (1).
- (4) Member Banks in the Government Blanket Guarantee Scheme for payment liabilities of commercial banks shall place notices that read as follows:

#### NOTICE

Bank Indonesia and the Minister of Finance hereby inform the public that any customer deposit in Rupiahs or the US dollar currency at a commercial Bank earning interest at a rate higher than the maximum interest rate announced by Bank Indonesia for each tenor is excluded from the Government blanket guarantee in respect of the entire amount of the deposit, including principal and interest.

### CHAPTER III

## BLANKET GUARANTEE SCHEME FOR THE INTERBANK MONEY MARKET

### Article 7

- (1) A Bank may set its own Interbank Money Market rates based on market interest rates.
- (2) Under the Blanket Guarantee Scheme, if a Bank pays interest on the Interbank Money Market at a higher rate than the stipulated maximum interest rate, the Government shall only guarantee the Interbank Money Market in the amount of principal plus interest according to the stipulated maximum interest rate.
- (3) The maximum Rupiah Interbank Money Market rate as referred to in paragraph (2) is stipulated as the weighted average overnight rate formed on the Rupiah Interbank Money Market for JIBOR member banks as stipulated by Bank Indonesia during the previous 1 (one) month.
- (4) The maximum Interbank Money Market overnight rate for the US dollar currency as referred to in paragraph (2) is stipulated as the weighted average overnight rate formed on the US Dollar Interbank Money Market for JIBOR member banks stipulated by Bank Indonesia.

### Article 8

- (1) The maximum interest rate for the Interbank Money Market in Rupiahs and US Dollars guaranteed by the Government shall be announced by Bank Indonesia each month on a regular basis 2 (two) working days prior to the beginning of

the month ...

the month of the effective guarantee period and shall be effective for 1 (one) month.

- (2) If deemed necessary, Bank Indonesia may make an announcement as referred to in paragraph (1) on another day.
- (3) Announcement as referred to in paragraph (1) shall be released through the Money Market Information Center (PIPU).

## CHAPTER IV CONCLUDING PROVISIONS

### Article 9

With the enactment of this Bank Indonesia Regulation:

1. Decree of the Management of Bank Indonesia Number 31/32/KEP/DIR dated May 29, 1998, concerning the Blanket Guarantee Scheme for Deposits and the Interbank Money Market,
2. Bank Indonesia Regulation Number 3/5/PBI/2001 dated March 22, 2001, concerning Amendment to Decree of the Management of Bank Indonesia Number 31/32/KEP/DIR dated May 29, 1998, concerning the Blanket Guarantee Scheme for Deposits and the Interbank Money Market,

are declared no longer valid.

### Article 10

The provisions for implementation of this Bank Indonesia Regulation shall be stipulated further in a Circular Letter of Bank Indonesia.



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Article 11

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

Dated: April 12, 2004

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 39 OF 2004

DPM

ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
NUMBER: 6/11/PBI/2004  
CONCERNING  
THE BLANKET GUARANTEE INTEREST RATE FOR DEPOSITS AND  
INTERBANK MONEY MARKET

I. GENERAL REVIEW

With the promulgation of Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004 concerning Amendment to Act Number 23 of 1999 concerning Bank Indonesia and the issuance of Decree of the Minister of Finance Number 84/KMK.06/2004 dated February 27, 2004, concerning Amendment to Decree of the Minister of Finance Number 179/KMK.017/2000 concerning the Requirements, Procedure, and Implementation of the Government Blanket Guarantee for Payment Liabilities of Commercial Banks, the Government Blanket Guarantee Scheme shall be wholly implemented by the Government.

Following the expiration of the mandate and dissolution of the Indonesian Bank Restructuring Agency, henceforth in accordance with Presidential Decree of the Republic of Indonesia Number 17 of 2004 dated February 27, 2004, concerning Amendment to Presidential Decree of the Republic of Indonesia Number 26 of 1998 concerning Guarantee of the Payment Liabilities of Commercial Banks and Decree of the President of the Republic of Indonesia Number 15 of 2004 dated February 27, 2004, concerning Expiration of Mandate and Dissolution of the Indonesian Bank Restructuring Agency, the Government Blanket Guarantee Scheme for payment

liabilities ...

liabilities of commercial banks, originally operated by the Indonesian Bank Restructuring Agency, shall be transferred to the Minister of Finance.

Notwithstanding in regard to the stipulation of the maximum Deposit rates and Interbank Money Market rate guaranteed by the Government, this task remains with Bank Indonesia. The reasoning for this is that the stipulation of the maximum blanket guarantee rate at this time is a policy that may affect monetary activities.

For implementation of monetary policy and specifically the interest rate policy, measures are needed to bring the interest rate structure into alignment through adjustments in the basis for calculation of the maximum blanket guarantee rates for deposits and the interbank money market in Rupiahs and foreign currencies.

#### Article 1

Self-explanatory.

#### Article 2

##### Paragraph (1)

Self-explanatory.

##### Paragraph (2)

Self-explanatory.

##### Paragraph (3)

Self-explanatory.

Paragraph (4) ...

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 3

Self-explanatory.

Article 4

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Article 5

Paragraph (1)

Announcement shall be released on the Money Market Information Center no later than 2 (two) working days prior to the beginning of the month in order to provide opportunity for Banks to distribute information on the maximum interest rates for Deposits to all their branch offices.

Paragraph (2)...

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 6

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 7

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 8

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 9

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Self-explanatory.